REMARKS

The Office Action mailed March 20, 2008 has been reviewed and the comments therein were carefully considered by the Applicant. Claims 1, 2, and 5-15 are currently pending. Claims 1, 2, 5 and 7-15 stand rejected. Claim 6 has not been rejected.

Claim Rejections Under 35 USC §103

Claims 1-2 and 5, and 7-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lundberg (2003/0097328) in view of Nieboer (7,024,387).

Claim 1 is the only independent claim that remains pending. Among other features, claim 1 includes the features of:

      (d) comparing data of the potential hedge transaction to the order risk data; and

      (e) executing the potential hedge transaction when a rule is not violated;

These features are described, for example in paragraphs 52 and 55 of the present application.

On page 2, the Office Action of 3/20/2008 references the description of Lundberg provided in the Office Action of 5/8/2006. On page 4, the Office Action of 5/8/2006 alleges that the following features are found in paragraph 34 of Lundberg:

      (d) comparing data of the potential hedge transaction to the order risk data; and

      (e) executing the potential hedge transaction when a rule is not violated

Paragraph 34 of Lundberg is reproduced below.

[0034] First, an order is a first trader A enters an order to sell a virtual hedged derivative contract as described above. For example, an order to sell 100 contracts of a particular call option contract and at the same time cover those option contracts by buying a corresponding number of the underlying contract to make the deal delta neutral at a particular price. The sell order is then transmitted to the central matching system, where it is received step 301.

One skilled in the art will appreciate that paragraph 34 of Lundberg merely describes a virtual hedged derivative contract that includes an underlying contract and a call option contract. There is no teaching or suggestion in paragraph 34, or the rest of Lundberg, for "comparing data of the potential hedge transaction to the order risk data." Moreover, at most paragraph 34 describes transmitting the order to the central match system and never mentions a "rule" or

"executing the potential hedge transaction when a rule is not violated."

For at least these reasons, the Applicant respectfully submits that claim 1 and the claims that depend from claim 1 are in condition for allowance. If this rejection is maintained, the Applicant respectfully requests that the Office specifically indicate were the claimed features of a "rule," "order risk data," the processes of "comparing . . ." and the process of "executing the potential hedge transaction when a rule is not violated" are found in paragraph 34 of Lundberg or any other section of Lundberg so that the Applicant will have an opportunity to respond to the rejection. Dependent claim 2, 5 and 7-15 are allowable for at least the same reasons as claim 1.

On page 2 the Office Action lists claims 1-2, 5 and 7-15 as being rejected. Claim 6 has not been rejected. The Applicant assumes that claim 6 is in condition for allowance.

CONCLUSION

Applicant respectfully submits that the pending claims are in condition for allowance. Favorable reconsideration of this application is respectfully requested. The Examiner is invited to contact the undersigned should it be deemed necessary to facilitate prosecution of the application.

Respectfully submitted,

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